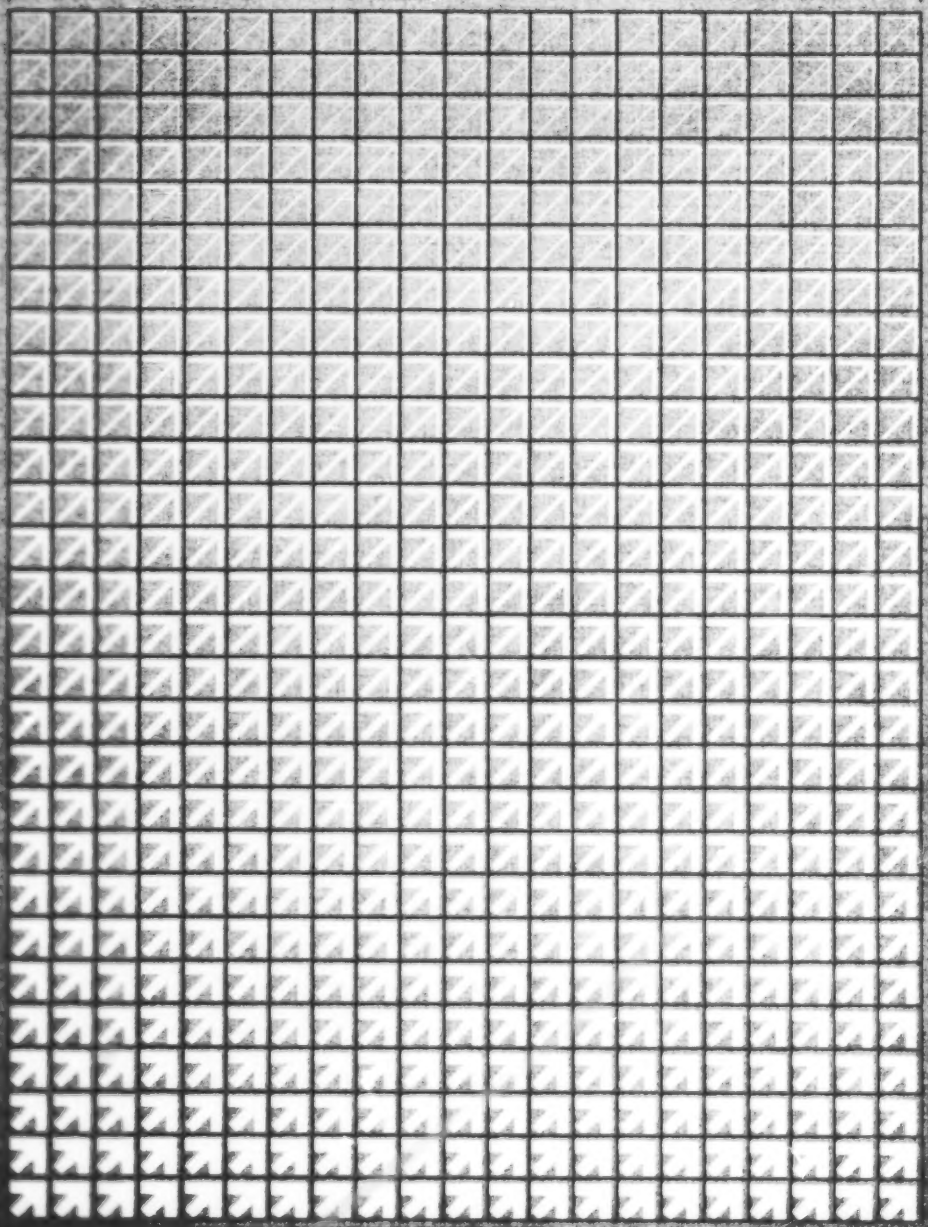
Annual Report

For the year ended March 31, 1987



Chairman's Report

Small Business
Development Corporation

Nova Scotia

Department of Development

Small Business
Development Corporation

Suite 100
Dartmouth Professional Centre
277 Pleasant Street
Dartmouth, Nova Scotia
B2Y 4B7

Telex 019 22548 Cable Devns
Telephone (902) 424-4920

Our file no

September 4, 1987

The Honourable Roland J. Thornhill
Minister of Development
Nova Scotia Department of Development
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I am pleased to present, on behalf of the Board of Directors of the Small Business Development Corporation, our Audited Financial Statements for the fiscal year ended March 31, 1987.

During the year, the Board approved financing for 83 projects totalling $5 million in Small Business Development Corporation assistance to various small businesses throughout the Province.

On behalf of the Directors, I wish to express appreciation to our former Chairman, Mr. Frank T. Barber, who resigned during the year. Mr. Barber had been Chairman of the Small Business Development Corporation since its inception in 1981, and his strong and effective leadership during this initial period of the Corporation's history is duly noted.

It is with regret that I report the death of one of our Members, Mr. Fred Peters. Mr. Peters' contribution to the Board during his five-year tenure was a positive influence for the small business community.

I would like to extend my thanks to the Directors, Officers and Staff of the Corporation for their dedication and support during the year.

Respectfully submitted,

Roy Publicover

Roy Publicover
Chairman

Small Business Development Corporation

"There is hereby established a body corporate to be known as the Small Business Development Corporation. The Corporation may, subject to the regulations, render to small business financial assistance, or such other assistance as may be determined by the regulations, which in the opinion of the Board will encourage, sustain, improve or develop small business in the Province."

The Small Business Development Corporation reports to the Legislature through:

The Minister of Development
The Hon. Roland J. Thornhill
Province of Nova Scotia

Board of Directors

Small Business
Development Corporation

"The general administration of the affairs, property and assets of the Corporation is invested in the Board." (Small Business Development Act)

D. Roy Publicover	**Chairman**
R.E. Barkhouse	**Directors**
F.C. Bettens	
R.P. Dexter	
O.P. Harkins	
M.N. Kelly	
D.L. Macaulay	
E.D. MacIntosh	
G.R. Muise	
H.A. Norve	
J.P. O'Neil	
R.A. Prest	
R.J. Scott	
R.J. Thornhill	
W.T. Withers	

Administration

H.W. Clarke	**Executive Director**
D.G. Holland	**Assistant Director and Secretary**
M. Howie	**Legal Counsel**

Auditor's Report

Small Business
Development Fund

Nova Scotia

Auditor General

P.O. Box 793
Halifax, Nova Scotia
B3J 2V2

AUDITOR'S REPORT

To the Chairman and Directors of the
Small Business Development Corporation, and to the
Minister of Development

I have examined the balance sheet of the Small Business Development Corporation as at March 31, 1987 and the statement of continuity of fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Small Business Development Corporation as at March 31, 1987 and the continuity of the fund for the year then ended, in accordance with the accounting policies set out in Note 2 of the financial statements, applied on a basis consistent with that of the preceding year.

O.P. Cormier

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
June 12, 1987

Small Business
Development Corporation

Department of Development
Province of Nova Scotia

Balance Sheet
As at March 31, 1987

Small Business Development Fund

Assets

	1987	1986
Loans receivable (Note 3)	$17,104,366	$16,441,221
Due from Consolidated Fund		
Loans authorized but unadvanced	1,662,219	2,730,319
Guarantees (Note 4)	1,227,146	999,146
Free balance	11,200,894	11,803,779
	14,090,259	15,533,244
	$31,194,625	**$31,974,465**

Fund Balance

Small Business Development Fund	$33,328,885	$33,878,722
Less: Allowance for doubtful accounts	2,134,260	1,904,257
	$31,194,625	**$31,974,465**

Approved on Behalf of the Board

Small Business Development Corporation

Roy Puddicombe — Chairman

Robert J. Arnett — Member

Statement of Continuity of Fund

For the year ended March 31, 1987

Small Business Development Fund

	1987	1986
Balance, beginning of year	$33,878,722	$22,302,269
Add: Authorizations during the year	—	12,000,000
Recovery of accounts written off	—	1,525
	33,878,722	34,303,794
Less: Accounts written off	549,837	425,072
Balance, end of year	**$33,328,885**	**$33,878,722**
Comprising:		
Loans advanced and guarantees in effect	$20,050,032	$19,014,309
Loans authorized but unadvanced and guarantees not in effect	2,077,959	3,060,634
Free balance	11,200,894	11,803,779
	$33,328,885	**$33,878,722**

Small Business Development Corporation

Department of Development
Province of Nova Scotia

Notes to Financial Statements

Small Business Development Fund

1. Authority

The Small Business Development Fund was established pursuant to the Small Business Development Act. The purpose of the Fund is to finance activities of the Small Business Development Corporation.

The objective of the Corporation is to promote the economic well-being of the Province by rendering financial assistance to small business.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

Administrative Expenses, Interest Revenue and Expense

Administrative expenses of the Board and the differential between capital advance interest charges from the Department of Finance and the interest revenues earned on loans are included in the expenditures of the Department of Development.

These amounts are not reflected in the attached financial statements, nor is accrued loan interest receivable.

3. Loans Receivable

	1987	1986
Loans receivable	$18,018,141	$17,063,579
Foreclosed assets and properties held for sale	919,815	865,059
Deficiency balances	210,316	84,986
	19,148,272	18,013,624
Less: Allowance for doubtful accounts	2,043,906	1,572,403
	$17,104,366	$16,441,221

Small Business Development Corporation

Notes to Financial Statements

Small Business Development Fund

4. Guarantees

	1987	1986
Guarantees in effect	$ 901,760	$1,000,685
Guarantees not in effect	415,740	330,315
	1,317,500	1,331,000
Less: Allowance for guarantees likely to be honoured	90,354	331,854
	$1,227,146	$ 999,146

Small Business Development Corporation

Small Business
Development Corporation

Authorization by Industry Sector		1987 %	1987 Amount	1986 %	1986 Amount
Manufacturing	Metal Fabrication & Machinery	4	$ 213,000	7	$ 483,500
	Wood, Plastic & Concrete	17	827,577	17	1,132,700
	Textiles	1	47,000	6	350,000
	Food (including Fish Processing)	14	725,500	9	611,000
	Electronics	—	15,000	2	143,000
	Marine Related	6	280,000	—	—
	Printing & Related	12	616,000	7	481,200
	Miscellaneous	3	125,000	—	18,000
	Sub Total	**57**	**$2,849,077**	**48**	**$3,219,400**
Services	Tourist and Entertainment	12	$ 619,500	15	$ 998,000
	Transportation	1	19,000	4	280,000
	Offshore	—	—	1	50,000
	Business and Personal	8	389,800	4	264,900
	Agriculture	1	63,000	—	25,000
	Construction	2	111,000	1	69,000
	Miscellaneous	—	10,000	—	30,000
	Sub Total	**24**	**$1,212,300**	**25**	**$1,716,900**
Trade	Retail & Wholesale Sub Total	**19**	**$ 953,750**	**27**	**$1,796,000**
Total Authorizations		**100**	**$5,015,127**	**100**	**$6,732,300**

Small Business
Development Corporation

Applications and Authorizations		1987 #	1987 Amount	1986 #	1986 Amount
Total Applications Processed		158	$9,373,918	178	$13,079,583
	Average Amount		$ 59,329		$ 73,481
Applications Authorized		83	$5,015,127	102	$ 6,732,300
	% of Total	53%	54%	57%	51%
Applications Declined		38	$1,811,715	32	$ 2,428,293
	% of Total	24%	19%	18%	19%
Applications Withdrawn and Deferred		37	$2,547,076	44	$ 3,918,990
	% of Total	23%	27%	25%	30%

Purpose of Authorizations	1987 %	1987 Amount	1986 %	1986 Amount
To Establish a New Business	17	$ 831,250	33	$ 2,234,500
To Expand an Existing Business	73	$3,687,300	60	$ 4,058,800
Other Miscellaneous Purposes	10	$ 496,577	7	$ 439,000

Small Business
Development Corporation

Distribution of Authorizations by Size		1987 #	1987 %	1986 #	1986 %
$0 to	$25,000	35	42	33	32
$25,000 to	$50,000	19	23	24	24
$50,000 to	$100,000	13	16	27	26
$100,000 to	$250,000	16	19	18	18
	Total	**83**	**100**	**102**	**100**

Distribution of Authorizations by Project and Source		%	Amount	%	Amount
Project Cost	Land and Buildings	44	$3,242,572	53	$ 5,475,334
	Machinery and Vehicles	35	2,578,648	32	3,271,095
	Working Capital	21	1,495,820	14	1,447,511
	Miscellaneous	—	18,000	1	61,656
	Total	**100**	**$7,335,040**	**100**	**$10,255,596**
Financing	SBDC Loan	63	$4,625,127	63	$ 6,469,800
	SBDC Guarantee	5	390,000	2	262,500
	New Equity Investment	18	1,350,433	14	1,393,045
	Other Lenders	6	402,500	8	797,700
	Miscellaneous	8	566,980	13	1,332,551
	Total	**100**	**$7,335,040**	**100**	**$10,255,596**

Offices

Small Business
Development Corporation

Main Office

Dartmouth Professional Centre
277 Pleasant Street, Suite 100
Dartmouth, Nova Scotia
B2Y 4B7

902-424-4920

and co-ordinated with

Department of Development Regional Offices

Cape Breton	564-8241	295 Charlotte St., **Sydney,** B1P 1C6
Strait of Canso	625-3200	Professional Bldg., Church Street, **Port Hawkesbury,** B0E 2V0
	863-5707	Antigonish Municipal Bldg., 42 West St., **Antigonish,** B2G 2H5
Northeastern	662-3339	Admin. Bldg., Debert Air Industrial Park P.O. Box 100, **Debert,** B0M 1G0
	752-1011	115 MacLean St., P.O. Box 1021 **New Glasgow,** B2H 5N8
	667-3223	Amherst Industrial Park, P.O. Box 458 **Amherst,** B4H 4A1
Central	424-5690	1800 Argyle St., P.O. Box 519 **Halifax,** B3J 2R7
Valley	678-3386	Annapolis Valley Industrial Park Mall P.O. Box 524, **Kentville,** B4N 3X3
Southwestern	742-8404	Provincial Bldg., 10 Starrs Rd., **Yarmouth,** B5A 2T1
	543-9121	Provincial Bldg., 99 High St., **Bridgewater,** B4V 1V8